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LISTING STATEMENT NO. 2559

LISTED JULY 7, 1972.

985,458 common shares without par value of which  
302,033 shares are subject to issuance.  
Stock Symbol FCY  
Post Section 10

## THE TORONTO STOCK EXCHANGE

### LISTING STATEMENT

## FIRST CITY FINANCIAL CORPORATION LTD.

Incorporated April 24, 1970, under the laws of the Province of British Columbia  
by Memorandum of Association.

### CONSOLIDATED CAPITALIZATION AS AT APRIL 30, 1972

	<u>Authorized</u>	<u>Outstanding</u>	<u>To Be Listed</u>
<b>SHARE CAPITAL</b>			
Common Shares without nominal or par value	4,200,000 shares	683,425 shares	985,458 shares*
* of which 302,033 are subject to issuance			
Redeemable Exchangeable Preference Shares	800,000 shares	400,000 shares	—
<b>SECURED CURRENT BANK LOANS</b>			
First City Financial Corporation Ltd.	—	\$ 875,000	—
Pacific Leasing Corporation Limited	—	3,000,000	—
<b>LONG-TERM DEBT</b>			
Pacific Leasing Corporation Limited			
Collateral Trust Notes			
7% Series A due November 30, 1981	—	399,748	—
6% Series B due May 1, 1973	—	650,000	—
6¾% Series C due May 15, 1980	\$800,000	629,000	—
Sinking Fund Debentures			
7% Series A due November 15, 1975	175,000	80,500	—
7% Series B due October 1, 1977	175,000	97,500	—
6¾% Series C due August 15, 1981 (1)	500,000	42,000	—
<b>MINORITY INTEREST IN SUBSIDIARIES</b>		1,502,595	—

Notes: (1) The 6¾% Sinking Fund Debentures Series C due August 15, 1981, are convertible at the rate of 45 common shares of Pacific Leasing Corporation Limited for each \$1,000 debenture up to August 14, 1976. The outstanding amounts shown do not include \$377,000 held by the Company.



1.

## APPLICATION

First City Financial Corporation Ltd. (hereinafter called "the Company") hereby makes application for the listing on The Toronto Stock Exchange of 985,458 Common Shares without nominal or par value in the capital of the Company, of which 683,725 are issued as fully paid and non-assessable. The remaining 301,733 Common Shares included in this application have been reserved as follows:

For issue upon exchange of outstanding Preference Shares	133,333
Employees' stock options at \$7.00 per share expiring December 16, 1974	18,400
Warrants to purchase shares	150,000
	<u>301,733</u>

2.

## HISTORY

The Company was incorporated on April 24, 1970, under the laws of the Province of British Columbia by registration of its Memorandum of Association and Articles of Association. The Company was established by the principal shareholders of City Savings & Trust Company (now a subsidiary of the Company) to afford the shareholders of City Savings & Trust Company an opportunity to participate in a company authorized to engage in a wider range of financial activities than those in which Canadian trust companies are presently permitted to engage. In August, 1970, the Company offered to the shareholders of City Savings & Trust Company 1 Common Share of the Company for 1 Common Share of City Savings & Trust Company. A majority of outstanding shares of City Savings & Trust Company were exchanged as a result of the offer. In July, 1971, the Company acquired all of the issued and outstanding shares of Pacific Leasing Corporation Limited, a British Columbia equipment leasing company.

3.

## NATURE OF BUSINESS

The Company presently offers financial services, including trust and near banking facilities and general leasing and rental of equipment, primarily through its two main operating subsidiaries, City Savings & Trust Company and Pacific Leasing Corporation Limited. It is the Company's intention to take advantage of any favourable opportunities to expand the financial services which are offered by it either directly or through the formation or acquisition of other companies in the insurance, real estate or other financial fields. While the Company has unrestricted investment powers it is not intended that the Company engage in or become a general investment company. For details of the operations of the subsidiary companies see Item 10 of this application. The Company and its subsidiaries presently have a total of 173 employees.

4.

## INCORPORATION

The Company was incorporated under the laws of British Columbia with an authorized capital of 5,000,000 Common Shares without nominal or par value. By Special Resolution filed May 6, 1971, and by a Certificate issued by the Registrar of Companies on May 6, 1971, the capital was altered and the Company was thereafter authorized to issue 5,000,000 shares without nominal or par value divided into 4,200,000 Common Shares and 800,000 5% Cumulative Redeemable Exchangeable Preference Shares. On May 5, 1972, the name of the 5% Cumulative Redeemable Exchangeable Preference Shares was changed to Redeemable Exchangeable Preference Shares.

5.

## SHARES ISSUED DURING PAST TEN YEARS

(a) Common Shares without nominal or par value:

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Amount Realized Per Share</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
		\$	\$	
1970	5	5.00	25	Incorporators' shares
1970	672,920	—	—	) Exchanged for City Savings & Trust Company
1971	2,000	—	—	
1971	2,300	7.00	16,100	) Exercise of stock options
1972	6,500	7.00	45,500	

(b) Redeemable Exchangeable Preference Shares without nominal or par value

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Amount Realized Per Share</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
		\$	\$	
Sept. 27 1971	400,000	2.50	1,000,000	Funds for the acquisition of Pacific Leasing Corporation Limited



## 6. STOCK PROVISIONS AND VOTING POWERS

The Common Shares are entitled to dividends as and when declared by the Board of Directors, are entitled to one vote per share, have no pre-emptive or conversion rights and are entitled upon liquidation to receive pro rata such assets of the Company as are distributed to the holders of such shares. The outstanding Common Shares are fully paid and non-assessable.

The Redeemable Exchangeable Preference Shares (the "Preference Shares") rank equally as to dividends with Common Shares except that the rate of dividends on each Preference Share is one-third the rate of dividends on each Common Share. In the event of the winding up of the Company, the holders of the Preference Shares are entitled to receive in priority to the holders of the Common Shares the amount paid up thereon together with all declared and unpaid dividends and if such winding up is voluntary and prior to June 1, 1976, an additional amount equal to 5% of the amount paid up thereon. The Company may at any time purchase for cancellation the whole or any part of the Preference Shares outstanding in the market or by tender at a price not exceeding the price at which, at the date of purchase, such shares are redeemable by the Company, plus costs of purchase. The Preference Shares are redeemable by the Company on payment of the amount paid up thereon together with all declared and unpaid dividends. So long as any of the Preference Shares are outstanding the Company may not without the approval of the holders of the Preference Shares, make any repayment of paid up capital on the Common Shares or issue any shares ranking in priority to the Preference Shares or declare or pay any dividends on the Common Shares, unless all dividends declared and unpaid on the Preference Shares have been paid or payment provided for. The Preference Shares are exchangeable for fully paid Common Shares on the basis of one Common Share, as presently constituted, for each three Preference Shares. The holders of the Preference Shares are entitled to notice of all meetings of shareholders and at all such meetings to one vote for each Preference Share held.

## 7. DIVIDEND RECORD

From incorporation on April 24, 1970, to December 31, 1971, the Company paid the following dividends on its outstanding shares:

	<u>1970</u>	<u>1971</u>
Per Preference Share	—	3.2¢
Aggregate	—	\$12,911
Per Common Share	6¢	12¢
Aggregate	\$40,299	\$81,075

The Company is currently paying dividends on its Common Shares at an annual rate of 16¢ per share.

## 8. TRADING RECORD OF COMMON SHARES

The following is a summary of the market price range in dollars per share and the aggregate volume of trading in Common Shares on the Vancouver Stock Exchange during the period indicated:

	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(shares)</u>
1971 June	\$ 9¼	\$8½	2,900
July	9	8	2,150
August	8¼	7¾	600
September	7½	7	850
October	7½	6¾	1,500
November	8	7	1,140
December	8	7½	6,155
1972 January	9¾	7⅞	3,550
February	10	9¼	12,600
March	10	9⅜	3,860
April	10½	9¼	7,200
May 1 to 29	11	9¾	3,375

## 9. RECORD OF PROPERTIES

The Company owns no real property.

## 10. SUBSIDIARY COMPANIES

### CITY SAVINGS & TRUST COMPANY

City Savings & Trust Company (hereinafter called "City Trust") was incorporated under the laws of the Province of Alberta by Special Act pursuant to the provisions of The Trust Companies Act, 1960 (Alberta), effective April 5, 1962. City Trust was incorporated with an authorized capital of \$5,000,000.00 divided into 500,000 shares of a par value of \$10.00 each. On June 27, 1967, those shares were subdivided into 2,500,000



shares of a par value of \$2.00. 881,927 shares of City Trust are issued and outstanding, of which 76.5% are owned by the Company. Particulars of the history and operations of City Trust are as follows:

### *HISTORY*

City Trust was incorporated for the purpose of providing locally-based trust facilities in the Edmonton area and commenced operations at its head office branch in January 1963. Since that time, City Trust has expanded both the services it provides and the area served. City Trust opened a branch office in Calgary in 1963. Subsequent branches were opened in Winnipeg in 1964, in Victoria and Regina in 1965, and in Vancouver in 1968. A second branch was also opened in Edmonton in 1967. In 1972, a branch office was opened in Toronto. The directors of City Trust are presently considering the advisability of applying for incorporation as a federal trust company. On April 28, 1972, the directors of City Trust received authorization from the shareholders to proceed with such incorporation if the directors deem it advisable.

### *OPERATIONS*

City Trust is registered and licensed to carry on a trust business under the provisions of The Trust Companies Act (the "Act") of the Province of Alberta. City Trust is also licensed to carry on a full range of trust services and is subject to regulation and supervision in the Provinces of Ontario, British Columbia, Manitoba, Saskatchewan and New Brunswick as well as the Yukon Territory and Northwest Territories. In the Province of Québec the business of City Trust is restricted to the making of mortgage loans. City Trust's business may be broken down into the following four distinct divisions:

- Near Banking;
- Mortgage Lending;
- Estates, Trust, Agencies and Property Management; and
- Real Estate Agency Sales.

#### *Near Banking*

From its inception City Trust has provided near banking services, offering facilities for savings accounts, chequeing accounts and term deposits known as guaranteed investment certificates. Services also include foreign currency exchange and remittance and the sale of travellers cheques. In addition, City Trust has recently established sub-agency operations in many small communities within the Provinces of Manitoba, Saskatchewan and Alberta to provide facilities for the acceptance of term deposits in areas where the provision of complete near banking services would not be feasible. As of March 31, 1972, City Trust maintained 11,317 savings and chequeing accounts and had issued to term depositors 12,300 guaranteed investment certificates representing aggregate deposits of \$59.2 million.

#### *Mortgage Lending*

The major source of City Trust's revenue is from its mortgage portfolio which as of March 31, 1972, consisted of 950 loans for a total of \$40.7 million. The portfolio is divided between mortgages issued and insured under the National Housing Act of Canada ("N.H.A."), conventional mortgages, and interim and bridge financing arrangements.

The Act limits the amount of any mortgage loan made by City Trust to 75% of the value of the real estate against which it is secured, except in the case of N.H.A. loans when this limit may be exceeded. City Trust is an approved lender under the N.H.A. Since the amendments to this legislation in June, 1969, which resulted in the freeing of interest rates on such mortgage loans, City Trust has actively increased its N.H.A. mortgage portfolio.

In addition to its mortgage portfolio, City Trust also had, at March 31, 1972, 218 secured loans in the aggregate principal amount of \$2,944,718.

#### *Estates, Trust, Agencies and Property Management*

City Trust acts in the traditional manner as executor of estates and has developed a portfolio of wills providing for its appointment as executor.

City Trust also acts as trustee for pension plans, registered retirement savings plans, under trust deeds providing for the issue of corporate securities and under trusts of a similar nature.

In addition, it acts as corporate transfer agent and registrar for public companies in each province in which it has branches.

City Trust is also well established in the property management field. It presently manages 27 apartment buildings containing 2,551 apartment units, 21 shopping centres, 13 warehouses, and 29 office buildings from Ontario to British Columbia, with a staff of 37 people directly engaged in this function.

#### *Real Estate Agency Sales*

City Trust is a licensed real estate broker in the Provinces of British Columbia, Alberta and Manitoba and a member of the real estate board in each city in which it maintains offices in these provinces.

### *PACIFIC LEASING CORPORATION LIMITED*

Pacific Leasing Corporation Limited (hereinafter called "Pacific") was incorporated under the laws of the Province of British Columbia by registration of its Memorandum of Association and Articles of Association on January 29, 1960. Pacific and its predecessors have operated in the equipment leasing business since 1952 and Pacific was acquired by the Company in July, 1971. The Company owns all of the issued and outstanding shares in the capital of Pacific. Pacific has a subsidiary, PLC Investments Ltd., a British Columbia corporation.



## HISTORY

Since 1952, Pacific and its predecessors have been engaged in the field of industrial and commercial leasing in British Columbia and Alberta, providing machinery, equipment, automobiles and other chattels, on a fixed term lease basis, to firms of satisfactory financial stability. In addition, although constituting a minor portion of its activities, Pacific is also engaged in the business of secured equipment purchase money lending.

## OPERATIONS

Machinery and equipment is leased by non-cancellable contracts for a fixed basic term. When entering into an equipment lease agreement, the lessee specifies the item to be leased and places an order with Pacific. Orders are accepted primarily on the basis of the credit standing of the lessee with secondary consideration given to the collateral value of the item. On acceptance, an order is placed with the vendor of the equipment who delivers it to the lessee. Upon delivery of the equipment and its acceptance by the lessee, a lease schedule is executed and payment made to the vendor by Pacific. All other costs relating to the leased equipment, such as insurance, taxes, maintenance and repairs are payable by the lessee.

As of March 31, 1972, Pacific and its subsidiary held 236 lease contracts, well diversified as to both type of industry and type of machinery and equipment, valued at dollar value of lease contracts receivable in the sum of \$5,862,067. In addition, as of March 31, 1972, Pacific had secured equipment purchase money loans outstanding in the aggregate principal amount of \$870,459.

The subsidiary, PLC Investments Limited, is negotiating a master lease with Canadian Forest Products Ltd. ("Canfor") to provide varied mobile equipment to Canfor during 1972 to a maximum cost of \$4,200,000. Individual leases under this master lease will run from six to eight years. During the term of each lease Canfor will have the option to purchase the leased equipment at a price the lessor considers will be its then fair market value. Arrangements have been concluded with a Canadian chartered bank to provide the capital required to acquire the equipment being leased to Canfor under this master lease.

### 11. FUNDED DEBT

Particulars of funded debt are set forth on page 1 of this application.

### 12. OPTIONS, UNDERWRITINGS, ETC.

The Company's subsidiary, City Savings & Trust Company, under an agreement dated January 28, 1972, between City Savings & Trust Company and McLeod, Young, Weir & Company Limited (the "Underwriter"), sold and the Underwriter purchased 175,000 unissued shares of City Savings on or about February 22, 1972, for an aggregate consideration of \$1,968,750, from which City Savings & Trust Company paid an underwriting commission of \$113,750.

The Company is presently negotiating a sale to the underwriter proposed to be completed on or about August 1, 1972, of \$3,000,000 principal amount of Sinking Fund Debentures, Series A with warrants to purchase 150,000 Common Shares. At the date hereof it is anticipated that an agreement in respect of such an underwriting will be executed in June, 1972.

### 13. LISTING ON OTHER STOCK EXCHANGES

The Common Shares of the Company are listed on the Vancouver Stock Exchange.

### 14. STATUS UNDER SECURITIES ACTS

The issue of the shares of the Company's subsidiary, City Savings & Trust Company referred to above under Item 12, was qualified for public distribution in the Provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, by filing, and obtaining receipts therefor for the prospectus and/or other material required under the Securities Acts of the said provinces.

### 15. FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

### 16. ANNUAL MEETINGS

The Articles of Association of the Company provides that an Annual General Meeting shall be held once in every calendar year at such time and place as the Board of Directors shall determine but in any event not more than 15 months after the holding of the last preceding Annual General Meeting. The last Annual General Meeting of the Company was held in Edmonton, Alberta, on April 28, 1972.

### 17. HEAD AND OTHER OFFICES

The head office is located at 810-1075 West Georgia Street, Vancouver, British Columbia. The Company has no other offices.



18. TRANSFER AGENT AND REGISTRAR

City Savings & Trust Company at its offices in Vancouver, Edmonton, Winnipeg, Regina and Toronto is the Transfer Agent and Registrar of the Company.

19. TRANSFER FEE

No fee is charged on transfers other than the customary government stock transfer taxes.

20. AUDITORS

Deloitte, Haskins & Sells, Chartered Accountants, Suite 1100, 675 West Hastings Street, Vancouver, British Columbia, are the auditors for the Company.

21. OFFICERS AND DIRECTORS

The Officers and Directors of the Company are:

<u>Name and Home Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Honourable David Arnold Croll, Q.C. 508-1603 Bathurst Street Toronto, Ontario	Chairman of the Board and Director	Member of the Senate of Canada
Samuel Belzberg 1369 Connaught Drive Vancouver, British Columbia	President, General Manager and Director	Chief Executive Officer of the Company; President of Western Realty Projects Ltd.
William Belzberg 84 Eagle Ridge Drive S.W. Calgary, Alberta	Vice-President and Director	Executive Officer of the Company; Executive Vice-President, Western Realty Projects Ltd.
Morley Koffman 1061 West 38th Avenue Vancouver, British Columbia	Secretary and Director	Barrister and Solicitor
Hyman Belzberg 1112 Dorchester Avenue Calgary, Alberta	Director	President, Pasadena Stores Ltd.
The Honourable Allister Herbert George Grosart 165 Golfdale Road Toronto, Ontario	Director	Member of the Senate of Canada
William Bernard Herman, Q.C. 34 High Point Road Don Mills, Ontario	Director	Chairman, City Parking Canada Limited
Joseph Harvey Shocter, Q.C. 9022 Valleyview Drive Edmonton, Alberta	Director	Barrister and Solicitor
Michael Cytrynbaum 1494 West 39th Avenue Vancouver, British Columbia	Vice-President	Executive Officer of the Company

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, First City Financial Corporation Ltd. hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the under-signed officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

FIRST CITY FINANCIAL CORPORATION LTD.



Per: "S. BELZBERG",  
President  
"M. KOFFMAN",  
Secretary

# DISTRIBUTION OF COMMON STOCK AS OF JUNE 2, 1972

<u>Number</u>		<u>Shares</u>
24	..... Holders of 1 — 24 share lots .....	276
49	..... " " 25 — 99 " " .....	2,185
142	..... " " 100 — 199 " " .....	15,051
41	..... " " 200 — 299 " " .....	8,976
15	..... " " 300 — 399 " " .....	4,655
9	..... " " 400 — 499 " " .....	3,600
41	..... " " 500 — 999 " " .....	23,283
61	..... " " 1000 — up " " .....	625,699
<u>382</u>	<u>Shareholders</u>	<u>Total shares</u> <u>683,725</u>



# FINANCIAL STATEMENTS

## FIRST CITY FINANCIAL CORPORATION LTD.

### and Subsidiaries

#### Consolidated Balance Sheet

#### ASSETS

	March 31 1972 (unaudited)	December 31 1971
Cash and Certificates of Deposit		
Cash	\$ 627,271	\$ 950,648
Deposit receipts of chartered banks	2,302,641	1,301,848
Short-term notes	3,311,012	4,787,747
Total cash and certificates of deposit	<u>6,240,924</u>	<u>7,040,243</u>
Investments (Note 2)		
Securities		
Government bonds	7,046,968	7,097,578
Corporate bonds	4,852,339	4,677,605
Stocks	4,048,554	4,221,038
Total securities	<u>15,947,861</u>	<u>15,996,221</u>
Mortgages and secured loans	43,598,756	41,689,162
Real estate	545,492	528,218
Total investments	<u>60,092,109</u>	<u>58,213,601</u>
Accounts Receivable		
Due from shareholder	17,500	—
Investment brokers	899,536	80,257
Other, including fees and commissions	536,348	485,853
Total accounts receivable	<u>1,453,384</u>	<u>566,110</u>
Prepaid Expenses	62,522	90,609
Lease Contracts Receivable (Note 3)	5,473,534	4,653,438
Leased Equipment — at estimated residual value	1,582,228	981,782
Premises, Office Equipment and Furnishings — at cost (Note 4)	638,273	437,953
Less accumulated depreciation and amortization	247,457	236,760
Net premises, equipment and furnishings	<u>390,816</u>	<u>201,193</u>
Deferred Expenses — at cost less amounts written off (Note 5)	85,878	29,158
Excess Cost of Investment in Subsidiaries over Acquired Equity		
In Net Assets (Note 1)	1,599,101	1,968,379
Total	<u>\$76,980,496</u>	<u>\$73,744,513</u>

Approved by the Board:

(Signed) Sam Belzberg, Director

(Signed) Morley Koffman, Director

The accompanying notes are an integral part of the financial statements.



**FIRST CITY FINANCIAL CORPORATION LTD.**  
and Subsidiaries

**Consolidated Balance Sheet**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	March 31 1972 (unaudited)	December 31 1971
Guaranteed Account		
Savings deposits ....	\$14,040,607	\$13,748,046
Investment certificates ....	45,145,618	45,190,515
Total guaranteed account ....	<u>59,186,225</u>	<u>58,938,561</u>
Accounts Payable		
Bank loan — secured (Note 6) ....	2,850,000	2,500,000
Investment brokers ....	1,237,870	469,879
Other including interest ....	1,381,258	1,060,469
Dividends payable ....	80,176	12,911
Lease contracts receivable collected in advance ....	81,166	88,724
Due to shareholders ....	—	13,100
Income taxes ....	301,676	156,573
Total accounts payable ....	<u>5,932,146</u>	<u>4,301,656</u>
Long-Term Debt (Note 6) ....	1,898,748	1,998,748
Less sinking fund investments ....	16,453	15,538
Total long-term debt ....	<u>1,882,295</u>	<u>1,938,210</u>
Deferred Credits		
Mortgage fees ....	363,875	393,228
Income taxes ....	650,677	848,388
Total deferred credits ....	<u>1,014,552</u>	<u>1,241,616</u>
Minority Interest ....	<u>1,489,321</u>	<u>197,236</u>
Shareholders' Equity (Note 7)		
Share Capital:		
Authorized:		
800,00 5% cumulative redeemable exchangeable preferred shares without nominal or par value		
4,200,000 Common shares without nominal or par value		
Issued and fully paid:		
400,000 preferred shares ....	1,000,000	1,000,000
680,025 common shares (1971 — 677,225) ....	5,435,085	5,415,485
Retained earnings ....	1,040,872	666,749
Total shareholders' equity ....	<u>7,475,957</u>	<u>7,082,234</u>
Total ....	<u><u>\$76,980,496</u></u>	<u><u>\$73,744,513</u></u>

The accompanying notes are an integral part of the financial statements.

**FIRST CITY FINANCIAL CORPORATION LTD.**  
and Subsidiaries

**Consolidated Statements of Income and Retained Earnings**

	Three months ended March 31 1972 (unaudited)	1971 (unaudited)	Year ended December 31 1971	(Note 8) 1970
Income				
Revenue				
Investment income ....	\$1,459,764	\$1,240,622	\$5,292,633	\$1,303,262
Fees, commissions and other income ....	358,849	270,107	1,163,809	165,132
Lease contract income ....	188,326	—	420,869	—
Net rental income ....	7,257	8,593	31,663	8,716
Total revenue ....	<u>2,014,196</u>	<u>1,519,322</u>	<u>6,908,974</u>	<u>1,477,110</u>
Expenses				
Interest on guaranteed account ....	927,735	822,344	3,505,556	830,373
Interest on long-term debt ....	34,469	—	72,734	—
Other interest ....	53,215	—	100,565	—
Operating and administration ....	275,507	211,870	963,048	233,887
Salaries and employee benefits ....	246,167	197,072	867,963	176,972
Depreciation of office equipment and furnishings ....	10,671	10,000	45,684	11,508
Amortization of deferred expenses ....	2,700	1,750	16,346	5,986
Total expenses ....	<u>1,550,464</u>	<u>1,243,036</u>	<u>5,571,896</u>	<u>1,258,726</u>
Income from Operations ....	<u>463,732</u>	<u>276,286</u>	<u>1,337,078</u>	<u>218,384</u>
Provisions for Income Taxes				
Current ....	370,930	123,617	554,153	91,303
Deferred ....	(197,711)	14,207	63,778	8,749
Total provision ....	<u>173,219</u>	<u>137,824</u>	<u>617,931</u>	<u>100,052</u>
Income Before Minority Interest ....	290,513	138,462	719,147	118,332
Minority Interest ....	37,780	6,807	30,742	5,773
Income Before Extraordinary Item ....	252,733	131,655	688,405	112,559
Extraordinary item (Note 9) ....	188,292	—	—	—
Net Income for the Period ....	<u>441,025</u>	<u>\$ 131,655</u>	<u>\$ 688,405</u>	<u>\$ 112,559</u>
Earnings per share (Note 10)				
Income before extraordinary item ....	<u>\$0.37</u>	<u>\$0.20</u>	<u>\$1.02</u>	<u>\$0.68</u>
Net income ....	<u>\$0.65</u>	<u>\$0.20</u>	<u>\$1.02</u>	<u>\$0.68</u>
Retained Earnings				
Balance at Beginning of the Period ....	\$ 666,749	\$ 72,330	\$ 72,330	\$ —
Net Income for the Period ....	441,025	131,655	688,405	112,559
Dividends (Note 11) ....	(66,902)	—	(93,986)	(40,229)
Retained Earnings at End of the Period ....	<u>\$1,040,872</u>	<u>\$ 203,985</u>	<u>\$ 666,749</u>	<u>\$ 72,330</u>

The accompanying notes are an integral part of the financial statements.



**FIRST CITY FINANCIAL CORPORATION LTD.**  
and Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Information as at March 31, 1972, and for the three months ended March 31, 1972,  
and March 31, 1971, is unaudited)

**1. Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries, City Savings & Trust Company ("City Trust") owned from September 30, 1970, and Pacific Leasing Corporation Limited and its subsidiary ("Pacific") owned from June 1, 1971. All material inter-company balances and transactions have been eliminated.

The two acquisitions have been accounted for by the purchase method. The excess of the cost of shares in the subsidiaries over the equity of their net assets at acquisition dates totaling \$1,599,101 (City Trust \$1,491,730, Pacific \$107,371) is carried at cost, to be written down if and when the value is impaired. The cost of this item at December 31, 1971, of \$1,968,379 was reduced pursuant to the sale in February, 1972, of 175,000 treasury shares of City Trust.

**2. Investments**

The investments in securities are recorded at cost or amortized cost plus accrued income.

The market values are:

	March 31 1972	December 31 1971
Government bonds ....	\$ 5,837,182	\$ 6,167,279
Corporate bonds ....	4,419,549	4,240,607
Stocks ....	3,847,998	3,604,062
	<u>\$14,104,729</u>	<u>\$14,011,948</u>

Mortgages and secured loans are recorded at cost plus accrued interest less repayments thereon.

Real estate is recorded at cost less accumulated depreciation:

	March 31 1972	December 31 1971
Cost ....	\$594,722	\$572,700
Accumulated depreciation ...	49,230	44,482
	<u>\$545,492</u>	<u>\$528,218</u>

The net rental income in the consolidated statement of income has been reduced by the provision for depreciation for the three months ended: March 31, 1972 — \$4,748; March 31, 1971 — Nil, and for the year ended December 31, 1971 — \$18,714; December 31, 1970 — \$4,780.

**3. Lease Contracts Receivable**

The lease contracts receivable, including equipment purchase loans, and secured notes and receivables are shown net of unearned income and allowance for losses of \$1,400,998 and \$2,170,402 as at March 31, 1972, and December 31, 1971, respectively.

Pacific follows the practice of recording as assets gross rentals to be received over the periods of the leases, and residual values on leases written when leases are executed. The excess of such amounts over the cost of the related equipment is recorded as unearned income. The unearned income is credited to current income over the terms of the leases in diminishing monthly amounts on the sum of the digits method based on payments deemed to be made in accordance with the lessees' contractual obligations. The payments received are a reduction of lease contracts receivable and are the recovery of the net cost of leased equipment and the unearned income.

The lease contracts provide for equal periodic payments to be received over their terms and are due in installments through 1981.

The current portion due within the 12 months from March 31, 1972, and December 31, 1971, amounts to approximately \$2,000,000 and \$2,400,000 respectively of which \$475,000 and \$500,000 respectively represents the approximate unearned income.

**4. Depreciation Policy**

It is the companies' practice to provide for depreciation and amortization of premises, office equipment and furnishings under the straight-line method at rates of 10% and 15% and to provide for amortization of leasehold improvements on a straight-line basis over 10 years.

## 5. Deferred Expenses

The deferred expenses consist of incorporation and organization expenses, and costs incurred in opening branch offices.

	March 31 1972	December 31 1971
Incorporation and organization expenses ....	\$25,712	\$25,712
Opening branch offices .....	60,166	3,446
	<u>\$85,878</u>	<u>\$29,158</u>

The costs incurred to open branch offices are being written off over five years.

## 6. Long-Term Debt

Pacific Leasing Corporation Limited:

	March 31 1972	December 31 1971
Collateral Trust Notes:		
Series A—7% due November 30, 1987 ....	\$ 399,748	\$ 399,748
A—10 $\frac{3}{4}$ % due November 26, 1975 ....	—	100,000
B—6% due May 1, 1973 ....	650,000	650,000
C—6 $\frac{1}{4}$ % due May 15, 1980 ....	629,000	629,000
Total collateral trust notes ....	<u>1,678,748</u>	<u>1,778,748</u>
Sinking Fund Debentures:		
Series A—7% due November 15, 1975 ....	\$ 80,500	\$ 80,500
B—7% due October 1, 1977 ....	97,500	97,500
C—6 $\frac{3}{4}$ % convertible due August 15, 1981	42,000	42,000
Total sinking fund debentures ....	<u>\$ 220,000</u>	<u>\$ 220,000</u>
Total notes and debentures ....	1,898,748	1,998,748
Less sinking fund deposits and investments	16,453	15,538
Total long-term debt ....	<u>\$1,882,295</u>	<u>\$1,983,210</u>

The principal amounts due during the five years from December 31, 1971, for retirement of long-term debt are as follows:

Year	Sinking Fund	Debt Principal	Total
1972 ....	\$ 51,000	\$139,975	\$190,975
1973 ....	80,000	689,975	769,975
1974 ....	80,000	39,975	119,975
1975 ....	70,000	84,975	154,975
1976 ....	70,000	39,975	109,975
Thereafter ....	205,000	432,335	637,335

Pacific has covenanted under the terms of issue of its 7% Series A sinking fund debentures that not more than one-half of its earnings available for dividends will be paid out as dividends or for the redemption of shares.

The 6 $\frac{3}{4}$ % sinking fund debentures, Series C due August 15, 1981, are convertible at the rate of 45 common shares of Pacific for each \$1,000 debenture up to August 14, 1976.

Series A collateral trust notes totaling \$3,000,000 and \$1,500,000, and certain securities, at March 31, 1972, and December 31, 1971, respectively are held by the company's bankers as security for the bank loans. The collateral trust notes are secured by lease contracts receivable and a floating charge on all other assets of Pacific.

## 7. Shareholders' Equity

During the 1970 fiscal period the Company issued 672,920 common shares in exchange for 672,920 shares of City Trust.

During the 1971 fiscal year the Company:

- issued 2,000 Common Shares in exchange for 2,000 shares of City Trust; and
- issued 2,300 Common Shares to employees under stock options leaving a balance outstanding at December 31, 1971, of 25,400 at \$7.00 per share.



Subsequent to December 31, 1971, the Company:

- A. changed its authorized and issued 5% cumulative redeemable exchangeable preferred shares to redeemable exchangeable preference shares ranking equally as to dividends with the common shares except that dividends for each preference share are one-third of the rate of each common share; and
- B. issued 2,800 common shares to employees under stock options and cancelled options for 500 shares, leaving a balance outstanding at March 31, 1972, of 22,100 at \$7.00 per share. In April, 1972, the Company issued a further 3,400 common shares to employees under stock options, leaving a balance outstanding at April 30, 1972, of 18,700 common shares at \$7.00 per share.

#### 8. Fiscal Period for 1970

The Company was incorporated April 24, 1970, and remained inactive until it acquired the controlling interest in City Trust on September 30, 1970. The 1970 figures therefore reflect a three-month period of operations.

#### 9. Extraordinary Item

Gain arising as a result of the issue by City Trust of 175,000 treasury shares.

#### 10. Earnings Per Share

Earnings per share have been calculated on the weighted average number of shares outstanding during each period.

Fully diluted earnings per share (assuming the preferred shares were exchanged and the outstanding stock options were exercised and earnings imputed on the assumed funds derived therefrom) are:

	Three months ended March 31		Year ended December 31	
	1972	1971	1971	1970
Income before extraordinary item	\$ 0.31	\$ 0.20	\$ 0.95	\$ 0.68
Net income	\$ 0.54	\$ 0.20	\$ 0.95	\$ 0.68

#### 11. Dividends

	Three months ended March 31		Year ended December 31	
	1972	1971	1971	1970
Preferred shares	\$12,500	—	\$12,912	\$ —
Common shares	54,402	—	81,074	40,229
	\$66,902	\$ —	\$93,986	\$40,229

#### 12. Commitments Contingent Liabilities and Subsequent Events

Pacific entered into lease commitments involving the purchase of equipment costing approximately \$3,634,000 of which \$2,449,000 had been purchased to March 31, 1972.

The Company's head office, Pacific's office, and City Trust's head office and branch premises are held under long-term leases extending for varying terms up to a maximum of ten years. The aggregate amount of rentals in respect to long-term leases incurred as an expense in the year ended December 31, 1971, was \$174,000. The minimum annual rentals expected to be incurred under all leases in force during the five years from December 31, 1971, are as follows: 1972—\$204,000; 1973—\$203,000; 1974—\$205,000; 1975—\$207,000; 1976—\$209,000.

On February 22, 1972, City Trust sold 175,000 shares with a par value of \$2 each, at a price of \$11.25 per share. The net proceeds derived by the company from this sale after deducting underwriting commission and expenses of issue amounted to \$1,825,148 and have been added to the general funds of City Trust.

The Company entered into an agreement dated June 20, 1972, for the sale of \$3,000,000 principal amount of 9% Sinking Fund Debentures, Series A, of the Company with warrants to purchase 150,000 common shares for an aggregate price of \$2,895,000.

#### 13. Interest Coverage

Consolidated income available for payment of interest on long-term debt of the Company after provision for income taxes of subsidiary companies but before provision for income taxes of the Company was for the three months ended March 31, 1972—\$252,733; March 31, 1971—\$131,655, and for the year ended December 31, 1971—\$688,405; December 31, 1970—\$109,559.

## AUDITORS' REPORT

To the Directors of  
First City Financial Corporation Ltd.

We have examined the consolidated balance sheet of First City Financial Corporation Ltd. and subsidiaries as at December 31, 1971, and the consolidated statements of income and retained earnings for the period from incorporation on April 24, 1970, to December 31, 1970, and for the year ended December 31, 1971. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971, and the results of their operations for the above-mentioned periods, in accordance with generally accepted accounting principles consistently applied.

Vancouver, British Columbia  
June 20, 1972

(Signed) DELOITTE, HASKINS & SELLS  
Chartered Accountants





